

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CARROLL COUNTY WATER DISTRICT'S)	
REQUEST FOR AMENDED TERMS TO)	
INTERLOCAL AGREEMENTS AND AUTHORITY)	CASE NO.
TO INCUR DEBT APPROVED IN CASE NO.)	2015-00125
2014-00174)	

ORDER

By its Order in Case No. 2014-00174,¹ the Commission authorized the Carroll County Water District #1 ("CCWD") to enter into an Intergovernmental Agreement with the city of Carrollton ("the City") to construct a regional water improvement project and to fund CCWD's \$224,685 proportionate share of the infrastructure improvement cost with an unsecured promissory note to the City. On April 3, 2015, CCWD notified the Commission that the bids for the regional water improvement project were over the original estimates and that CCWD's proportionate share of the project costs will increase from \$224,685 to \$362,251. CCWD requests Commission authority to enter into an unsecured promissory note to the City that is not to exceed \$312,251. Due to the increase in project costs, CCWD and City executed an Amended and Restated Intergovernmental Agreement on May 11, 2015.

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

¹ Case No. 2014-00174, *Application of Carroll County Water District #1 for Approval of Interlocal Agreements and for Authority to Incur Debt* (Ky. PSC July 21, 2014).

1. The City has applied to the Kentucky Infrastructure Authority (“KIA”) for a loan to finance water infrastructure improvements. The City will borrow \$1,657,988 and will repay \$1,243,491² of this principal amount over a 30-year period at an interest rate of 0.75 percent per annum. The remaining principal amount, approximately 25 percent of the total loan amount, will be forgiven.

2. The total revised cost of CCWD’s proportionate share of the proposed water project is \$362,251.

3. CCWD intends to finance its proportionate share of the proposed water project of \$362,251 with the proceeds from the City’s KIA loan. Based upon KIA’s stated intent to forgive 25 percent of the City’s proposed loan and CCWD’s \$50,000 cash contribution, CCWD will assume responsibility of \$234,189 of the remaining principal.³

4. CCWD will sign an unsecured promissory note to the City for the net amount of \$234,189.

5. The Amended and Restated Interlocal Agreement and the unsecured promissory note constitute evidences of indebtedness.

6. KRS 278.300(1) requires a utility to obtain Commission authorization prior to the issuance of any evidence of indebtedness.

7. CCWD’s entry into the Amended and Restated Interlocal Agreement is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair

² \$1,657,988 x 75% = \$1,243,491.

³ CCWD’s Responses to Commission Staff’s First Request for Information, Item 2.

CCWD's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. CCWD is authorized to enter into the Amended and Restated Interlocal Agreement with the City and to issue the unsecured promissory note to the City in the net amount of \$234,189.

2. The portion of the proceeds from the City's loan from KIA for which CCWD has agreed to assume payment responsibility as a result of the proposed Amended and Restated Intergovernmental Agreement shall be used only for the lawful purposes set out in the Application.

3. CCWD shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, and administrative) within 60 days of the date that construction is substantially completed. Construction cost shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

4. Any documents filed in the future pursuant to ordering paragraph 3 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED
JUL 06 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

*Honorable Ruth H Baxter
Attorney at Law
Crawford & Baxter, P.S.C. Attorneys at Law
523 Highland Avenue
P. O. Box 353
Carrollton, KENTUCKY 41008

*Carroll County Water District #1
205 Main Cross Street
P. O. Box 350
Ghent, KY 41045